

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)
On Its Own Motion)
)
vs.) Docket 07-0575
)
Northern Illinois Gas Company)
d/b/a Nicor Gas Company)
)
Reconciliation of revenues collected under)
gas adjustment charges with actual costs)
prudently incurred.)

Direct Testimony of

BOB O. BUCKLES

Manager of Rate Research and Administration

Northern Illinois Gas Company
d/b/a Nicor Gas Company

April 15, 2008

1 **I. INTRODUCTION**

2 **Q. Please state your name.**

3 A. Bob O. Buckles.

4 **Q. By whom are you employed and what is the business address?**

5 A. Northern Illinois Gas Company d/b/a Nicor Gas Company (“Nicor Gas” or “Company”)
6 located at 1844 Ferry Road, Naperville, Illinois 60563.

7 **Q. What position do you hold with Nicor Gas?**

8 A. I am the Manager of Rate Research and Administration.

9 **Q. Please summarize your educational background and your experience in the public**
10 **utility business.**

11 A. I hold the degree of Bachelor of Science, majoring in Energy Resource Management
12 from Eastern Illinois University. I have been employed by Nicor Gas since 1989. From
13 1989 until 2003, I held positions in Commercial and Industrial Sales, Energy
14 Management Services, Rates, Asset Planning and Development and Gas Supply
15 Operations. I assumed my present responsibilities in the Rate Department in October,
16 2003.

17 **Q. Would you please describe your present job responsibilities?**

18 A. Yes. My present job responsibilities are primarily preparing and filing documents with
19 the Illinois Commerce Commission (the “Commission”) and reviewing Company
20 activities as they pertain to compliance with Company tariffs and the Illinois

21 Administrative Code. In addition, I have responsibility over various research and
22 analytical requirements within the Rate Department.

23 **II. SUMMARY OF TESTIMONY**

24 **Q. What is the purpose of your testimony in this proceeding?**

25 A. The purpose of my testimony in this case is to explain Nicor Gas' reconciliation of
26 Rider 6 Gas Supply Cost ("GSC") revenues collected to recover its actual cost of gas
27 distributed, to the extent that such costs are recoverable, as recorded on the books of the
28 Company for the 12 months ended December 31, 2007. My testimony and exhibits are in
29 response to the Commission's Order Commencing Reconciliation Proceedings entered
30 November 28, 2007, in Docket No. 07-0575.

31 **Q. Is any further purpose served by your testimony?**

32 A. No.

33 **Q. Was notice given to the public relative to the filing of the testimony and exhibits in
34 this docket?**

35 A. Yes. Pursuant to the requirements set forth in the Commission's Order, and in
36 accordance with the requirements of 83 Illinois Administrative Code Part 255, Nicor Gas
37 has posted a printed "Public Notice" card with respect to this case in the business offices
38 of the Company, and a similar public notice was published in newspapers of general
39 circulation in Nicor Gas' service territory. A copy of the printed card and verifiable
40 support of publication will be presented during the hearings in this proceeding. In
41 addition, copies of Nicor Gas' testimony and exhibits are on file and available for public
42 inspection in each of the Company's business offices.

43 **III. DESCRIPTION OF RIDER 6, GAS SUPPLY COST (“GSC”)**

44 **Q. Please generally describe Nicor Gas’ Rider 6, Gas Supply Cost.**

45 A. Rider 6 prescribes the method of computing Nicor Gas’ end-user GSC charges, or rates,
46 for the recovery of the Company’s Cost of Gas Distributed. In particular, the GSC
47 charges developed under Rider 6 are designed to recover the costs the Company incurs
48 for quantities of gas the Company purchases, transports, stores and sells for the purpose
49 of serving its end-user customers. The purpose and intent of Rider 6 is to promptly pass
50 along to customers, through the GSC charges developed under the Rider, Nicor Gas’ net
51 gas supply cost, without markup or profit.

52 **Q. Does Rider 6 comply with the 83 Illinois Administrative Code Section 525**
53 **Purchased Gas Adjustment Clause requirements?**

54 A. Yes. The Commission approved the Company’s Rider 6 as compliant with the
55 Commission’s Purchased Gas Adjustment Clause requirements on October 3, 1995 in
56 Docket No. 94-0403. Additionally, the Commission ordered certain changes to Rider 6,
57 in Nicor Gas’ last rate case, Docket No. 04-0779.

58 **Q. Please describe in more detail the gas costs that are recoverable through Rider 6.**

59 A. Recoverable gas costs are derived in accordance with Part 525.40 of the 83 Illinois
60 Administrative Code and are specifically identified in Section D of Sheets 59 and 60 of
61 the Company’s filed tariffs (Ill. C.C. No. 16 – G). In general, the costs incurred by the
62 Company and recovered through Rider 6 are: (1) gas costs based on volumes of gas
63 purchased from suppliers, generally referred to as commodity gas costs; and (2) gas costs
64 other than those defined as commodity related, generally referred to as non-commodity

65 gas costs. Non-commodity gas costs include costs incurred from interstate pipeline
66 charges for transportation and storage.

67 **Q. Please describe the charges used to recover Nicor Gas' costs through Rider 6.**

68 A. Attached to my testimony as Exhibit BOB-2.1 is a list of the primary Rider 6 charges
69 along with corresponding descriptions of what type of costs each charge recovers and the
70 customer classes to which each charge is assessed. As seen in Exhibit BOB-2.1, six gas
71 charge components are employed under Rider 6: the Commodity Gas Cost ("CGC")
72 charge, the Non-Commodity Gas Cost ("NCGC") charge, the Demand Gas Cost
73 ("DGC") charge, the Gas Cost ("GC") charge, the Customer Select Balancing Charge
74 ("CSBC") and the Transportation Service Adjustment ("TSA").

75 **Q. Please describe the CGC charge.**

76 A. The CGC charge reflects Nicor Gas' incurred commodity costs. It is applied to all therms
77 of Company-supplied gas.

78 **Q. Please describe the NCGC charge.**

79 A. The NCGC charge recovers the Company's non-commodity costs on a cent per therm
80 used basis.

81 **Q. What does the DGC charge recover?**

82 A. Like the NCGC charge, the DGC charge recovers non-commodity gas costs but on a
83 Maximum Daily Contract Quantity ("MDCQ") basis. The MDCQ is the maximum
84 amount of gas used by a customer in one day. The DGC charge is applicable as a back-
85 up charge to customers on Nicor Gas' system that have elected to transport their own gas
86 supplies, but wish to maintain the availability of Company-supplied gas. Also, it is

87 applied to customers receiving sales service under either Rate 6, Large General Service,
88 or Rate 7, Large Volume Service.

89 **Q. Please describe the GC charge.**

90 A. The GC charge is the sum of the CGC charge and the NCGC charge. It applies to most
91 sales service rates other than Rate 6 or Rate 7.

92 **Q. Please describe the CSBC.**

93 A. The CSBC is applied to customers served under Rate 1 - Residential Service, Rate 4 -
94 General Service, and Rate 5 - Seasonal Use Service and who are participating in Nicor
95 Gas' Customer Select program under Rider 15. The CSBC represents that portion of the
96 non-commodity gas costs used to balance the customer's deliveries with usage, and the
97 allocation of storage capacity. The CSBC includes costs for off-system storage services
98 and certain other non-commodity gas costs.

99 **Q Are these CSBC costs established within Rider 6?**

100 A. Yes. The CSBC is defined and established within Rider 6. End-use Customer Select
101 participants are billed CSBC charges pursuant to the terms of Riders 6 and 15. Revenue
102 derived from the CSBC is credited to the Company's non-commodity-related gas costs,
103 thereby reducing the NCGC charge.

104 **Q. Please describe the TSA.**

105 A. The TSA is a commodity-related charge or credit applied to the deliveries of all
106 customer-owned gas delivered to Transportation customers, including Rider 25 – Firm
107 Transportation Service and Customer Select customers. The TSA is currently a credit for
108 the gross revenues derived from providing storage and transportation services under the

109 Company's FERC Operating Statement and Rate 21 – Intrastate Transportation and
110 Storage Services, commonly referred to as Hub services. Sales customers receive an
111 equivalent credit or charge through an adjustment to the CGC component of the GC.

112 **Q Is the TSA established and applied through Rider 6?**

113 A. Yes. As of October 4, 2005, a per therm credit or charge is established on a monthly
114 basis within Rider 6 to reflect the TSA. Revenues or credits arising through the
115 application of the Transportation Service Adjustment have been included in the
116 commodity-related gas costs.

117 **Q. Is there anything further you would like to explain with regard to how these charges**
118 **or credits are applied?**

119 A. Yes. While I described generally how each charge or credit is assessed, specific
120 application of these adjustments vary depending on a customer's rate and elected level of
121 backup service. These adjustments may also apply at the calculated level, such as the
122 CGC and the NCGC, or at a percentage of the calculated level, such as the DGC. In
123 addition, adjustments may apply to gas supplied by Nicor Gas, as customer-owned gas,
124 through either the customer's total throughput or a percentage of the customer's MDCQ.
125 In addition, since August 15, 1997, the revenues derived from authorized use, requested
126 authorized use and unauthorized use therms sold to transportation customers flow
127 through as a credit to Rider 6 gas cost and are priced at the higher of Nicor Gas' currently
128 effective GC charge or the Market Price, which is defined in the Company's Terms and
129 Conditions as the index price for deliveries of gas to the Chicago Citygate as published in
130 *Platts Gas Daily*.

131 **Q. What procedure does the Company follow to update its Rider 6 charges?**

132 A. In accordance with the provisions of Rider 6, each month Nicor Gas submits to the
133 Commission schedules specifying the amount of each Rider 6 charge. Each schedule
134 specifies the revised amount of each charge, along with a statement of details and data
135 showing Nicor Gas' calculations. The filings are mailed on or before the 20th day of the
136 month prior to the effective month in which the new Rider 6 charges are applied to
137 customer's bills.

138 **Q. Has Nicor Gas filed monthly purchased gas adjustment calculations for 2007 with**
139 **the Commission?**

140 A. Yes.

141 **Q. How are Nicor Gas' Rider 6 charges applied in billing the Company's customers?**

142 A. Rider 6 charges are effective on the first day of each calendar month. However, as a
143 practical matter, Nicor Gas bills customers on the basis of reading day cycles that may
144 cover multiple calendar-month periods. For each customer billed, the meter reading dates
145 are the controlling factors. If, for example, a customer's meter is read on May 16th, and
146 had previously been read on April 16th, Nicor Gas assumes that 15/30 of the usage was
147 subject to the Rider 6 charges effective in April and 15/30 of the usage was subject to the
148 charges effective in May. Continuing the previous example, after prorating the amount
149 of metered gas usage between the months of April and May based on the number of days,
150 the appropriate monthly Gas Cost ("GC") is separately applied to each month's prorated
151 usage. Each month's usage and corresponding GC are presented on the customer's bill in

152 a manner that clearly illustrates both applicable GC rates. This method of proration is
153 embodied in the revenue calculations reflected in the Exhibits to this testimony.

154 **Q. Has the presentation of the prorated Rider 6 charges provided to customers**
155 **changed in 2007?**

156 A. No.

157 **Q. Are Nicor Gas' Rider 6 charges adjusted through any other process?**

158 A. Yes. Rider 6 provides for an annual reconciliation, which is the purpose of this
159 proceeding.

160 **Q. What occurs during the reconciliation process?**

161 A. Generally speaking, as noted above, the revenue the Company recovered under its
162 Rider 6 charges are compared with the Company's actual Cost of Gas Distributed for the
163 preceding year. If Nicor Gas' Rider 6 charges recovered a different amount of revenue
164 than the Company's actual Cost of Gas Distributed, then the Rider 6 charges are set at the
165 level such that the difference is either credited to or collected from customers, depending
166 on whether there was an over- or under-recovery, over the course of the following year.

167 **Q. Is each cost category reconciled?**

168 A. Yes. Pursuant to Rider 6, revenues recovered under the CGC charge are reconciled with
169 recoverable CGC; and revenues recovered under the DGC charge and NCGC charge are
170 reconciled with recoverable NCGC.

171 **Q. Does proration of the Rider 6 charges or the proration of monthly usage complicate**
172 **a reconciliation of recovered revenues with allowable recoverable gas costs?**

173 A. No. It is only the total amount of revenues recovered through each Rider 6 charge over
174 the preceding year that is relevant for performing the annual reconciliation.

175 **Q. Is the cost of gas used by the Company reflected in the amount to be recovered**
176 **through the Company's Rider 6 reconciliation?**

177 A. No. The cost of gas used by the Company is excluded from the Gas Supply Cost charges
178 established in Rider 6.

179 **IV. ANNUAL RECONCILIATION OF RIDER 6**

180 **Q. Was an annual reconciliation statement for 2007 filed in accordance with Rider 6?**

181 A. Yes. Nicor Gas' annual statement for the year 2007 is being filed simultaneously with
182 this testimony on April 15, 2008 and is attached hereto as Exhibit BOB 2.2.

183 **Q. Please briefly describe the items contained within the filing.**

184 A. Exhibit BOB 2.2 consists of ten pages, the first page of which is a transmittal letter. The
185 next nine pages, or through page 10, represent the Company's annual reconciliation for
186 2007.

187 **Q. What is contained within the portion of the Company's filing that represents the**
188 **reconciliation for the year 2007?**

189 A. The first of the nine remaining pages of Exhibit BOB 2.2 is the Independent
190 Accountant's Report issued by Deloitte & Touche LLP for the portion of the filing that
191 represents the year 2007 reconciliation. The next page, or page 3, is a summary
192 calculation of the reconciliation for the year 2007. Exhibit BOB 2.2 pages 4 and 5
193 contain a detailed explanation of the basis for the summary calculation of the 2007
194 reconciliation. The next two pages, or pages 6 and 7, represent the detailed

195 reconciliations of the CGC and NCGC, respectively (“Reconciliation Balances”). Exhibit
196 BOB 2.2 pages 8 and 9 summarize the information included in the Company’s monthly
197 filings for CGC and NCGC, respectively (the “PGA Reconciliations”). The final page is
198 the Verification of Mr. Gerald P. O’Connor, Senior Vice President Finance and Strategic
199 Planning.

200 **Q. Would you please explain the Summary Reconciliation in more detail?**

201 A. Yes. This statement compares the total revenues recorded under the various charges of
202 the Company’s Rider 6 provisions, with the appropriate category of recoverable Cost of
203 Gas Distributed, to arrive at the balance to be credited or recovered under the two
204 individual reconciliation balances. In other words, it sets forth the overall reconciliation
205 calculation, both based on a total of collected revenue against total actual Cost of Gas
206 Distributed as well as broken down to the CGC and NCGC levels.

207 **Q. Does the Summary Reconciliation represent that the Company’s Rider 6 charges**
208 **over- or under-recovered the Company’s actual Cost of Gas Distributed for the year**
209 **2007?**

210 A. The calculation shows an over-recovery. In particular, the Company’s CGC charge over-
211 recovered CGC by \$29,946,125, and the NCGC charge over-recovered NCGC by
212 \$7,924,094. This represents a total amount to be credited to customers for the year 2007
213 of \$37,870,219.

214 **Q. Does the Summary Reconciliation also account for any adjustments included in**
215 **Commission proceedings regarding any prior reconciliations that the Company has**
216 **filed?**

217 A. No.

218 **Q. Were there any specific adjustments separately reported in the monthly filings for**
219 **the 2007 reconciliation year?**

220 A. Yes. In May 2007 a credit adjustment in the amount of \$34,774 was made to Schedule II
221 of the Company's Commodity Gas Charge.

222 **Q. Please explain the basis for the May 2007 adjustment to Schedule II of the**
223 **Company's Commodity Gas Charge.**

224 A. In April of 2006 the Company implemented its new customer information, billing and
225 revenue reporting systems. However, the newly developed accounting reports from the
226 system contained a misclassification of revenue between base revenue and Gas Supply
227 Costs ("GSC") resulting in the need for the \$34,774 adjustment related to 2006. A
228 corresponding adjustment to Schedule II of the Commodity Gas Cost was made in May
229 2007 to properly credit the ratepayer for the \$34,774 misclassification.

230 **Q. Would you please describe the Reconciliation Balance for the CGC in more detail?**

231 A. Yes. This is a detailed reconciliation that reflects the monthly amounts of recoverable
232 commodity-related gas costs and revenues which were recorded under the Company's
233 CGC pursuant to Rider 6 for the 2007 reconciliation year.

234 **Q. Has the over-recovered commodity-related Reconciliation Balance of \$29,946,125**
235 **been reflected in the Company's CGC charges?**

236 A. Yes. The Company has credited \$29,946,125. The over-recovered amount has been
237 reflected in the CGC charges as Factor "A" amounts and as an additional reduction to gas
238 charges effective for the months of January and February 2008.

239 **Q. Is the line item identified as “Commodity Related Over/(Under) Collection” on the**
240 **Reconciliation Balance for CGC the same as the line identified as “Under/(Over)**
241 **Recovery Balance at 12/31/07” on the PGA Reconciliation for CGC?**

242 A. Yes. The Reconciliation Balance does not include any adjustments for the prior year’s
243 Factor O.

244 **Q. What does Factor O represent?**

245 A. Factor O represents additional over or under-recovery for a reconciliation year ordered by
246 the Commission to be credited or collected including interest from the end of the
247 reconciliation year to the Order date in the reconciliation proceeding.

248 **Q. Please describe the Reconciliation Balance for NCGC in more detail.**

249 A. Like the Reconciliation Balance for CGC, this is a detailed reconciliation that reflects the
250 monthly amounts of recoverable non-commodity-related gas costs and revenues, which
251 were recorded under the Company’s NCGC and DGC pursuant to Rider 6 for the 2007
252 reconciliation year.

253 **Q. Has the balance to be refunded of \$7,924,094 been reflected in the Company’s DGC**
254 **and NCGC charges?**

255 A. Yes. The Company has credited \$7,924,094. The over-recovered amount has been
256 reflected in the DGC and NCGC charges effective for the months of January and
257 February 2008.

258 **Q. Is the line item identified as “Non-Commodity Related Over/(Under) Collection” on**
259 **the Reconciliation Balance for NCGC the same as the line item “Under/(Over)**
260 **Recovery Balance at 12/31/07” on the PGA Reconciliation of NCGC?**

261 A. Yes. The reconciliation balance does not include any adjustments for the prior year's
262 Factor O.

263 **V. EXPLANATIONS - INDIVIDUAL LINE ITEMS**

264 **Q. Please explain the revenue item on the Reconciliation Balance for CGC entitled**
265 **“Excess Storage Charges.”**

266 A. Pursuant to tariffs approved in Docket No. 95-0219, Nicor Gas' transportation service
267 customers are allowed to store certain volumes of customer-owned gas in Nicor Gas'
268 storage facilities. When a customer's actual storage balance is in excess of the allowed
269 storage balance, the excess storage balance volume is subject to an Excess Storage
270 Charge of \$0.10 per therm. All such Excess Storage Charge revenue billed to customers
271 is credited through the Commodity Related Reconciliation Balance, in compliance with
272 the Commission's Orders in Docket No. 95-0219.

273 **Q. Please explain the revenue item on the Reconciliation Balance for CGC entitled**
274 **“Unauthorized Use Charges.”**

275 A. Pursuant to tariffs approved in Docket No. 95-0219, Nicor Gas' transportation service
276 customers are subject to an Unauthorized Use Charge when customer's daily metered
277 usage on Critical Days exceeds their tariff limitations and when Nicor Gas provides
278 unauthorized gas supplies. Company supplied gas in excess of customer's contracted
279 quantities on Critical Days is subject to the Unauthorized Use charge of \$6 per therm.
280 All such Unauthorized Use Charge revenue billed to customers is credited through the
281 Commodity Related Reconciliation Balance, in compliance with the Commission's
282 Orders in Docket No. 95-0219.

283 **Q. Please explain the revenue item on the Reconciliation Balance for CGC entitled**
284 **“Chicago Hub.”**

285 A. Pursuant to the Commission’s Order in Docket No. 04-0779, revenues arising from the
286 Chicago area Hub were required to be credited back to customers. Pursuant to the
287 Commission’s Order in Docket No. 95-0219, Nicor Gas is also required to include
288 revenues received from the sales of storage services to off-system customers. Both
289 revenues are to be included as a credit to Rider 6 and identified in the commodity-related
290 Reconciliation Balance. In prior reconciliations, revenues from the sales of storage
291 services to off-system customers were individually identified as “Storage Services” in the
292 Reconciliation Balance. Today, the revenue item entitled “Chicago Hub” includes the
293 revenue credits for both the 2007 Hub revenues and the revenues billed in 2007 for off-
294 system storage services.

295 **Q. Please explain the revenue item shown on the Reconciliation Balance for CGC**
296 **“Rider 5 Revenues.”**

297 A. Rider 5, Storage Service Cost Recovery, was also approved by the Commission in
298 Docket No. 95-0219. Rider 5 ensures recovery of the Company’s storage-related
299 investments following elections made by transportation customers. The cost of storage
300 services not elected, if any, by transportation customers is recovered-from or credited-
301 back to sales customers through Rider 5, which is collected or refunded as part of the
302 monthly CGC charge for billing purposes. The adjustment reflected for Rider 5
303 eliminates this revenue from the Reconciliation Balance, since it is unrelated to gas costs
304 incurred.

305 **Q. Please explain the revenue item entitled “Interest on Refunds,” as shown on the**
306 **Reconciliation Balance for CGC.**

307 A. Interest is calculated on the unamortized balances related to the amortization expenses
308 described above. Pursuant to 83 Ill. Adm. Code 525.50(b), the Company computes the
309 associated carrying charge on unamortized refunds and over/under collections, in effect at
310 the time the amortization is initiated, based on the rate established under 83 Ill. Adm.
311 Code 280.70(e)(1). Interest is included, through Factor A, with the CGC, NCGC and
312 DGC charges, as applicable.

313 **Q. Please explain the commodity-related cost line item shown on the Reconciliation**
314 **Balance for CGC entitled “Recovery From Hits By Contractor”.**

315 A. Recovery From Hits By Contractor represents revenues collected by the Company from
316 contractors whose damage to our facilities has resulted in gas losses. These revenues are
317 shown as a credit to recoverable CGC.

318 **Q. Please explain the revenue item shown on the Reconciliation Balance for NCGC**
319 **entitled “Customer Select Balancing Charge.”**

320 A. As previously explained, this revenue item shows the revenues collected through the
321 application of the CSBC through December 31, 2007.

322 **Q. The Reconciliation Balances for both CGC and NCGC contain a line item entitled**
323 **“Amortization of Previous Years RB.” What do these line items represent?**

324 A. Pursuant to the Commission’s Order in Docket No. 94-0403, 83 Ill. Adm. Code 525.50(b)
325 allows the Company to amortize an Adjustment Factor (“Factor A”) over a period longer
326 than the Base Period, as defined in 83 Ill. Adm. Code 525.20, but not to exceed

327 12 months. These line items represent the amortization of the prior year's over- or under-
328 collected gas costs. Prior to the Commission's Order in Docket No. 94-0403,
329 amortization expense was reflected outside the calculation of the Reconciliation Balance.

330 **VI. OVERSIGHT**

331 **Q. In conjunction with the submittal of the Annual Reconciliation Filing with the**
332 **Commission, has the Company's annual reconciliation been the subject of an**
333 **independent audit?**

334 A. Yes. The 2007 Annual Reconciliation Filing has been audited by Deloitte & Touche
335 LLP, the Company's independent public accountants. Their report is included as part of
336 the Company's filing pursuant to Rider 6. The reconciliation itself is prepared by Nicor
337 Gas employees from several departments.

338 **Q. What type of review procedure is in place for the monthly GSC filings?**

339 A. The Rate, Gas Supply, Gas Supply Accounting and Forecasting Departments contribute
340 to preparation of the monthly filings. The departments are familiar with the terms and
341 provisions of Rider 6, and understand which costs are recoverable through each
342 subsection of the GSC. The Rate Department prepares the final document filed with the
343 Commission. Forecasting, Gas Supply and Gas Supply Accounting are involved in
344 preparation of the documents used to support the filing.

345 **Q. How do these departments provide a check on the accuracy of the monthly filings?**

346 A. These departments must be in agreement with the treatment of costs in the monthly GSC
347 filing.

348 **Q. What other review is performed with regard to monthly filings?**

349 A. On an annual basis, the Company's Internal Auditing Department reviews a monthly
350 filing, corresponding source documents and a copy of Rider 6 as in effect at the time of
351 the filing. This review is designed to ensure that only appropriate costs were included in
352 the filing and that the filing is consistent with the guidelines set forth in the 83 Illinois
353 Administrative Code, Part 525. Internal Auditing's review provides a further check on
354 the inter-departmental review that I have previously described.

355 **VII. CONCLUSION**

356 **Q. What is the Company requesting?**

357 A. The Company is requesting that the Commission approve Nicor Gas' GSC charges at
358 levels established in the Company's 2007 PGA Reconciliation. In addition, the Company
359 is requesting that the Commission approve the \$37,870,219 customer credit through the
360 Company's Rider 6, GSC charges, which resulted from the over-collection of actual
361 Commodity Gas Cost in the amount of \$29,946,125 and the over-collection of actual
362 Non-Commodity Gas Costs in the amount of \$7,924,094.

363 **Q. Does this conclude your direct testimony?**

364 A. Yes.